

**REVISED MINUTES  
ROCKFORD POLICE PENSION BOARD  
MARCH 20, 2014**

**MEMBERS PRESENT:** Jeff Nielsen, President  
Marcia Mueller, V.P.  
Mike McDonald, Assist Secretary  
Scott Laue, Trustee

**ABSENT:** Matt Williams

**ALSO PRESENT:** Roberta Holzwarth - Holmstrom & Kennedy  
Mike Piotrowski – Marquette Associates

**GUESTS:** Richard Tatlow – Dimensional Fund Advisors

**STAFF:** Ted Dutkiewicz, Finance  
Linda Wlaznik, Finance

The March 20, 2014 Rockford Police Pension Board convened at City Hall 425 E. State St., Jeff Nielsen called the meeting to order at 8:06 am.

Motion by Mueller and seconded by Laue to approve the February 12, 2014 minutes of the Board meeting. APPROVED.

**PUBLIC COMMENT**

NONE

**CITY BILLS**

Motion by Mueller and seconded by Laue to approve March City Services of \$9,333.33. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve February postage charges of \$171.36. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom & Kennedy, P.C. for February attorney fees for general in the amount of \$1,327.50. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom & Kennedy, P.C. for February attorney fees for the Honzel disability matter in the amount of \$20.00. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom & Kennedy P.C. for February attorney fees for the Ahrens disability matter in the amount of \$888.75. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom & Kennedy P.C. for February attorney fees for the Statler disability matter in the amount of \$1,055.52, which includes services in the amount of \$900.00 and disbursements in the amount of \$155.52. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Northern Trust for Investment Management fees for the period October 1, 2013 through December 31, 2013 in the amount of \$5,331.27. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve reimbursement of travel expenses of the sponsored IPPFA conference to Linda Wlaznik in the amount of \$33.90. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue

Nays: None

## CASH & INVESTMENT REPORT

Piotrowski stated that through February assets were slightly below \$174,000,000. The bond market has had absolute **positive** returns over the course of the year, a reversal from last year. Mortgages have outperformed treasuries; credit has outperformed treasuries as well. Kayne Anderson has significantly underperformed over the past 12 months. **Marquette's** research group is looking into the performance of Kayne Anderson. Piotrowski recommended putting Kayne Anderson on alert.

For the International portion of the portfolio small caps have outperformed large caps, developed markets have outperformed emerging markets. REIT's have rebounded significantly, year-to-date up 9.4%.

Piotrowski referred the Board to the asset allocation study. The asset allocation study looks out ten years; the average return, **based on that** study would be 7.2% per year for ten years. For the next few years the fixed income environment is **anticipated to be** extremely challenging. Page eight illustrates the outcomes of all the underlying asset classes included in the study. The board discussed the results of the allocation study. The board elected to stay with the current allocation.

Motion by Laue and seconded by Mueller to approve withdrawal of \$400,000 from Vanguard Midcap Fund and \$400,000 from Vanguard Value Fund for cash needs. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue

Nays: None

Motion by Laue and seconded by Mueller to approve purchases and sales. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue

Nays: None

## **DIMENSIONAL FUND ADVISORS PRESENTATION**

Richard Tatlow presented for Dimensional Fund Advisors. Mr. Tatlow discussed the Dimensional Fund Advisors investment process. Mr. Tatlow explained the International Small Cap Value Portfolio. The portfolio is designed to capture small deep value stocks in developed markets.

For the year, the portfolio outperformed by approximately 7%. The out performance was led by the value stocks and **portfolio** construction differences applied versus the benchmark.

## **ATTORNEY'S REPORT**

Attorney Holzwarth stated that reports from the physicians had been received for the Ahrens disability matter and the board could set a date for the disability hearing. The Ahrens disability hearing is scheduled for April 30<sup>th</sup> at 9:00 a.m.

The deadline for filing for an administrative review for the Fysh matter has passed and nothing has been filed.

Attorney Holzwarth reminded the board of the meeting with the Fire Pension Board to discuss fiduciary liability insurance and funding policies.

Nielsen requested the status of the Oda Poole matter. Attorney Holzwarth stated that she had not heard anything. Further discussion ensued.

Motion by Mueller and seconded by Laue to approve the increased monthly benefit to Christine Bishop due to the 2% salary increase retroactive to January 1, 2014 in the amount of \$5,759.52, and prorated amount of \$5,387.94.

Ayes: Nielsen, Mueller, McDonald, and Laue

Nays: None

Wlaznik stated that she was working on mailing the ballots for the retired trustee election.

Motion by Mueller and seconded by Laue to approve the military service application of two years for John Eissens in the amount of \$38,064.11 if paid on March 31, 2014. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve refund of contributions for Elizabeth Martinez in the amount of \$885.89. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve the February actual payroll amount of \$1,200,433.04. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve the March estimated payroll amount of \$1,201,651.70. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, McDonald, and Laue

Nays: None

A motion to adjourn was made and seconded at 10:04 a.m.

A handwritten signature in black ink, appearing to be "J. Nielsen", written diagonally.